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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 01/06/10

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ARTICLES:

(1) "Final coordination" underway for FM Okada to meet U.S.  
Secretary of State Clinton before Jan. 18

YOMIURI (Page 1) (Full)  
Evening, January 6, 2010

Satoshi Ogawa in Washington

Vice Foreign Minister Mitoji Yabunaka met U.S. Deputy Secretary of State James Steinberg at the Department of State in the late afternoon on Jan. 5 (early morning on Jan. 6, Japan time).

After the meeting, Yabunaka told reporters that "final coordination" is underway for Foreign Minister Katsuya Okada to visit the U.S. shortly to meet Secretary of State Hillary Clinton. Okada hopes to travel to the U.S. before the regular Diet session convenes on Jan. 18.

According to Yabunaka, at his meeting with Steinberg, he explained the government's policy in relation to the Futenma relocation issue and informed him that the committee for the examination of the Okinawa base issues of the government and the ruling parties will consider new relocation sites. The U.S. side reportedly "listened fully and intently."

(2) PM Hatoyama's visit to Nanjing in June, PRC President Hu Jintao's visit to Hiroshima in November mulled

YOMIURI (Page 1) (Full)  
Evening, January 6, 2010

Satoshi Saeki in Beijing

It was learned that China has made unofficial inquiries with a Japanese government source on an invitation for Prime Minister Yukio Hatoyama to visit Nanjing in Jiangsu Province around June in exchange for a visit by President Hu Jintao to Hiroshima in November

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in order to improve the nations' feelings toward each other. This was revealed by several sources on Japan-China relations on Jan. 6. By realizing the first visit by an incumbent Japanese prime minister in the postwar period to Nanjing, where the "Nanjing incident" occurred, China intends to grab the initiative in relations with Japan without resolving such issues as the joint development of gas fields in the East China Sea and the incidents of poisoned gyoza dumplings.

An exchange of visits between the leaders of the two countries is being planned, with a visit to Japan by Premier Wen Jiaobao around April, a visit to China by Hatoyama around June 12 to coincide with Japan Day at the Shanghai Expo, and a visit to Japan by Hu during the APEC Summit in Yokohama in November. Hatoyama's visit to Nanjing is reportedly likely to be combined with his visit to Shanghai.

According to the above sources, China believes that the "improvement of popular feelings on both sides is indispensable" for strengthening the "mutually beneficial strategic relationship" with the Hatoyama administration. Since the administration has adopted a stance of giving importance to China after its inauguration, China hopes to use Hatoyama's visit to Nanjing and expression of "deep remorse" for the past war to improve the Chinese people's feelings toward Japan.

On the other hand, China reckons that Hu's visit to atomic-bombed Hiroshima to indicate understanding for Japan's position as a victim of the war will contribute to the improvement of Japanese feelings toward China.

A Japanese government source looks at this development with caution, saying: "The number of casualties in the Nanjing incident is a contentious issue between the two countries. Whether the Prime Minister's visit will materialize depends on a political decision."

(3) Interview with Deputy USTR Marantis: "Pacific Rim FTA will become core of Asian economy"

NIKKEI (Page 7) (Full)  
January 4, 2010

Takashi Osumi, Washington

In an interview with the Nihon Keizai Shimbun, Deputy U.S. Trade

Representative (USTR) Demetrios Marantis said, "The free trade agreement (FTA) in the Pacific Rim (in which eight countries including the United States, Singapore, and Australia will participate) is one of the core frameworks for economic integration in Asia. We will hold the first meeting of participating countries in March (in order to conclude a FTA)."

The deputy USTR also said, "We will develop the Pacific Rim FTA into a large-scale agreement in the Asian region in the long term." With regard to Japan's participation, he indicated, "We are open to it. However, Japan does not appear to be ready to join, given (the issue of whether to liberalize) its agricultural sector."

On the East Asian community initiative proposed by the Hatoyama administration, Marantis said, "I would like to hear from the Japanese government on what it is planning to do and how. We have a strong interest in the creation of a framework in the Asian region," expressing a sense of wariness about an Asian community initiative

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minus the participation of the United States.

The deputy USTR made the following comment on Japan's review of postal privatization: "U.S. companies are concerned about whether a level playing field will be ensured. We have conveyed this to the Japanese government. We will continue to raise this issue (with the Japanese side) at every possible opportunity."

(4) Interview with Joseph Nye: The Japan-U.S. alliance is the cornerstone of stability

YOMIURI (Pages 1, 2) (Full)  
January 4, 2010

Interviewer: Michiro Okamoto, chief of General Bureau for America

There is no doubt that the U.S. government, especially the Department of Defense, is annoyed by the delay of a solution to the Futenma relocation beyond 2009. I am not worried if Prime Minister Yukio Hatoyama is merely postponing a conclusion until the House of Councillors election in summer. However, if the Prime Minister is against the Japan-U.S. alliance per se, that will be a cause of concern.

If the Futenma issue remains unresolved and the Japan-U.S. relationship deteriorates, in the worst case, it is possible that U.S. Forces Japan (USFJ) may be downsized and the reconfirmation of the Japan-U.S. alliance on the occasion of the 50th anniversary of the current bilateral security treaty may not get much attention. I think Prime Minister Hatoyama needs to make a greater effort to reassure the U.S.

However, the Prime Minister has had little time after achieving the change of administration, and he has not consolidated his position. That, I think, is the reason for the present discord between Japan and the U.S. You could say that this is quite natural under a democratic system.

Therefore, I disagree with the view that the Japan-U.S. alliance is in "crisis." The Japan-U.S. alliance carries much more weight than the Futenma issue. If you ask if the maintenance of the alliance for the next 20-30 years is in the interest of both countries, the answer is clearly "yes."

The necessity of the Japan-U.S. alliance should also be quite evident to the Japanese people. If Japanese politicians ask the people whether Japan should deal with North Korea's nuclear threat single-handedly and without an ally or whether it should face rising China without an ally, the people will surely say "with an ally."

Prime Minister Hatoyama once advocated a "security alliance without the permanent stationing of troops." If that is what Japan wants, we will withdraw. But I think that would be a big mistake for Japan. Japan has no desire to develop its own nuclear weapons as it faces up to the nuclear arms of North Korea, China, and Russia. If so, it needs the security guarantee of the United States, and the

stationing of the USFJ makes that guarantee more credible. This is because any country that attacks Japan will not only be killing Japanese people, but also the Americans there.

Militarily, if the Marines withdraw completely from Okinawa, it will not be possible to deal with a contingency in North Korea

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effectively.

I believe that on the occasion of the 50th anniversary of the security treaty this year, a declaration designating the Japan-U.S. alliance as the "cornerstone of stability in the 21st Century," similar to the 1996 Japan-U.S. Joint Declaration on Security, should be drawn up. Japan and the U.S. need to coordinate their policies today not only on security, but also in a broad range of areas, including climate change and energy.

The Japan-U.S. security treaty has been in existence for only 50 years. We are looking ahead to another 50 years in the future.

I think the fact that President Obama made Japan the first stop on his tour of Asia last November and made a policy speech in Tokyo is of great significance. Although he stayed longest in China on the trip, that is probably because America had more pending issues with China than with Japan.

Japan is the U.S.'s most important ally. I think it is wrong to compare China and Japan in importance to America. While Japan is a U.S. ally, China is not. One reason I am optimistic about the future of the bilateral alliance is that both countries will have to deal with the rise of China.

In my opinion, the notion of G-2, consisting of the U.S. and China, is a bad idea. There is no way the U.S. and China alone can solve the myriad problems the world is facing. There should at least be G-4, taking in Japan and Europe, and it would be meaningless if issues are not considered within the G-20 framework.

The assessment of Prime Minister Hatoyama's concept of an "East Asian community" will depend on what this concept means. It will not be a problem if the concept pertains to the Association of Southeast Asian Nations (ASEAN), the East Asian Summit, or such other existing bodies. However, if it means the exclusion of the U.S. from the East Asian economy, it will pose a serious problem. This is because, as President Obama stated, the U.S. is an "Asia Pacific nation" and is increasingly leaning toward trade with Asia.

If the spirit of "yuai (fraternity)," which forms the basis of the Prime Minister's East Asian community concept, means good relations with Japan's neighbors, that is a good thing. If the U.S.'s ally, Japan deepens its relations with other countries and enhances its soft power, it will also be good for the United States. This is because the Japan-U.S. alliance will be the linchpin of the U.S.'s involvement in multilateral frameworks in Asia.

With regard to whether the Prime Minister's idea of an "equal Japan-U.S. alliance" is possible, it will depend on what is meant by "equal." If it means that Japan should become a superpower possessing nuclear weapons, I don't think that is what the Japanese people want.

Japan has not opted to take a path to "equality" in military capability. However, it is more advanced than the U.S. in certain aspects in areas such as measures to deal with climate change and energy. You could say that the two countries have an absolutely equal relationship.

In my opinion, what Japan needs to do from now on is to maintain the Japan-U.S. alliance in order to create stability in East Asia. There

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can be no economic prosperity without stability. Furthermore, it should lead the world in the areas of climate change and energy

together with the U.S. and China. Additionally, it should stimulate its own economy, restore rapid economic growth, and cooperate with other countries to maintain an open international economy for the sake of the stability of the world economy after the financial crisis. I believe this is precisely what Japan can contribute to the world's public property.

(5) Editorial: Japan should take action while looking outward to enhance its value

NIKKEI (Page 2) (Slightly abridged)  
January 3, 2010

Looking at a world globe, we can see that Japan is a small island country. The huge Eurasian continent is above Japan and the Korean Peninsula is situated diagonally to the left. Way on the other side of the vast Pacific Ocean is the North American Continent. Based on its geographical conditions, Japan would not be able to survive if it were isolated in the international community. But there are many causes for concern.

Japan, U.S. should guide "growing China" in the right direction

The year 2010 marks the 50th anniversary of the revision of the Japan-U.S. Security Treaty. Under the Hatoyama administration, however, dark clouds are hanging over Japan-U.S. relations. This year also marks the 100th anniversary of the conclusion of the Japan-Korea Annexation Treaty. Historical issues in the 20th century will inevitably cast a pall over Japan-South Korea relations this year. The current strained bilateral relations between Japan and the U.S. and between Japan and South Korea are making it difficult for the international community to deter North Korea from continuing to pose a nuclear threat to its neighbors.

Considering the global situation as a whole, what sort of dynamics is the world operating on at present? The 15th session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP15) in Copenhagen about three weeks ago demonstrated the inner workings of the current global dynamics.

In reality, it is difficult to reach a consensus under the principle of one vote per nation. China, which considers itself a representative of the group of developing countries, effectively had the right of veto. For Japan to try to persuade China (to accept an ambitious target to reduce greenhouse gas emissions), cooperation with the U.S. is absolutely necessary. Prime Minister Yukio Hatoyama, however, could not even meet with President Barack Obama in Copenhagen.

At a banquet hosted by the Queen of Denmark, U.S. State Secretary Hillary Clinton sat next to Hatoyama, and they exchanged words. After returning to Washington, Clinton summoned Japanese Ambassador to the U.S. Ichiro Fujisaki to the State Department and expressed her protest against what Hatoyama later told reporters about the contents of his conversation with Clinton.

Japan-U.S. relations are no longer "equal" or "close" because of Hatoyama's words and actions concerning the issue of relocating the U.S. Marine Corps' Futenma Air Station. Although the alarm bell was rung repeatedly, the prime minister was oblivious to it.

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According to an estimate by the International Monetary Fund (IMF), China's gross domestic product (GDP) is expected to surpass Japan's and move into second place. If interdependent relations are deepened between Japan and China particularly in the economic area, both nations will benefit, although this view might give Japanese people mixed feelings.

Viewed in a historic light, rapidly emerging countries tend to cause friction with other countries. This was the main source of the two world wars in the 20th century. China, which has been rapidly growing, has created external friction over military expansion, environmental protection, and human rights. Efforts to have China blend into the international community are indispensable in order to

stabilize global society in the 21st century.

The Hatoyama administration has adopted the policy of distancing itself from the U.S. while approaching China. Will this foreign policy contribute to guiding China in the right direction? At the conference in Copenhagen, this approach did not work effectively.

There are two problems with the Hatoyama administration's foreign policy. One is the tendency to make light of national security and Japan-U.S. relations. An aide to Hatoyama has emphasized that the value of trade between Japan and the U.S. accounted for 13 PERCENT of the total while that between Japan and Asia, including China, made up about 50 PERCENT .

This statement is not logical even in economic terms. The value of Japan's trade with China also includes trade with companies in which the U.S. has invested. In addition, many of the goods produced in China are eventually exported to the U.S.

The second problem is the danger of the administration's antagonistic sentiment toward pro-U.S. policy. (The Democratic Party of Japan) has fostered this sentiment since it was an opposition party. The DPJ was looking at (the Liberal Democratic Party's) foreign policy from the viewpoint of domestic politics and opposed the LDP government's policy toward the U.S.

The People's Daily has reported that Japan-U.S. relations are deteriorating. China is probably paying attention to this situation. Some people have suggested that China is apprehensive that Japan could lean toward the right. Southeast Asian countries, which fear that China might have more influence, are also worried about the current state of Japan-U.S. relations.

#### Political speculations shrinking foreign policy

In place of the Maritime Self-Defense Force's refueling mission in the Indian Ocean, which costs less than 10 billion yen annually, Japan has decided to disburse 90 billion yen annually for Afghanistan for five years. This checkbook diplomacy is a typical case in which political speculations have distorted the nation's foreign policy.

The aid package will make it difficult for Japan to offer non-reimbursable aid to other developing countries. As a result, Japan's profile will weaken in the international community. This financial aid stemming from domestic political motives will reduce Japan's international influence.

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Some people in Japan are praising the Hatoyama administration's U.S. policy. This stance might be reflecting their distorted feelings caused by the recession.

According to data released by the U.S. Institute of International Education, the number of foreign students in the U.S. was the highest on record in 2008. The number of students from India was highest, followed by China, South Korea, Canada, and Japan. Students from China increased by 21.1 PERCENT over the previous year and those from India rose by 9.2 PERCENT . Students from South Korea and Canada grew by 8.6 PERCENT and 2.2 PERCENT , respectively. But the increase rate of Japanese students was minus 13.9 PERCENT .

Ironically enough, while Japan is heading toward Asia more eagerly than toward the U.S., Asia is heading toward the U.S. Under this situation, Japan might find itself becoming isolated in the international community in the future.

The hollowing out of the Japan-U.S. alliance under the Hatoyama administration is reminiscent of the 25-year period from the abolishment of the Japan-Britain alliance in 1921 through Japan's defeat in World War II. In November, the importance of the Japan-U.S. alliance is expected to be reaffirmed (between the U.S. president and the Japanese prime minister). This occasion should be made into a turning point. As we think deeply about historical issues in the 20th century, we should take a closer look at the

globe.

(6) LDP Policy Research Council Chairman Shigeru Ishiba:  
Politicians' clear vision brings out the best in bureaucrats

MAINICHI (Page 3) (Full)  
January 4, 2010

(Comments by Liberal Democratic Party (LDP) Policy Research Council  
Chairman Shigeru Ishiba as summarized by Takahiro Hirata)

While they call for political leadership, what is happening is bureaucrats are using politicians to grab the initiative. A typical example is government project screening. The mass media got involved and this was very popular among the people. The Ministry of Finance wrote the script. I think without the project screening, the cabinet support rating would have dropped to the 30 percent level.

The politicians have also started to run out of control in the name of political leadership. The issue of the relocation of the U.S. forces' Futenma Air Station is a case in point. The bureaucrats of the Ministry of Foreign Affairs and the Ministry of Defense and the Self-Defense Force officers are aghast at this whole process. Think of the extent of damage to the Japan-U.S. relationship of trust and how much the regional security environment has been weakened.

The young senior vice ministers and parliamentary secretaries of the Hatoyama administration give the people the impression that they are working very hard, and this props up the approval rating of the Democratic Party of Japan (DPJ). Under the LDP administration, Diet members serving second terms were appointed as parliamentary secretaries while those serving third or fourth terms became senior vice ministers, and those serving fifth terms were named cabinet ministers for organizational reasons. Since the number of positions was limited, these officials had to be rotated frequently. Even people with the most outstanding expertise and sense of mission were

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unable to accomplish their duties in such short periods.

When I was agriculture minister, people openly called for my dismissal at the LDP Agriculture and Forestry Division. This was because I did not build my career in that division. During the House of Councillors election of 2007, when I argued at the division that "agricultural administration from now on should work toward shifting the cost from the consumers to the taxpayers," I was condemned by my colleagues who asked, "Are you a DPJ member?"

However, placing the burden on the consumers to protect agriculture is no longer tenable in present-day international trade. The LDP did not listen to such an argument. Still, the LDP administration was able to survive by just listening to the briefings of the bureaucrats.

I do not deny that the LDP's Policy Research Council went too far in certain aspects of its relations with the bureaucrats. Some people summoned the bureaucrats to the LDP divisions and berated them. On the other hand, the bureaucrats were smart, so they were obedient on the surface but defiant at heart. They would throw out some sort of bait and go ahead and implement policies as they liked. If the politicians do not have a clear vision and do not exercise leadership, the bureaucracy will become corrupt no matter how capable the bureaucrats are.

My approach to dealing with the bureaucrats was developed during my days in the opposition (as a member of the (defunct) New Frontier Party). The bureaucrats will not tell you anything. You need to read books and listen to people in the field and think for yourself.

If the LDP returns to power, it should absolutely not adopt the attitude of "taking it easy and leaving things in the hands of the bureaucrats." The DPJ's style of not involving the bureaucrats and doing everything by themselves is also wrong. I would like to build a new type of relationship between politicians and bureaucrats under which politicians with a clear vision provide leadership to a bureaucracy with a sense of mission.

(7) Quest for rare metals: Far short of achieving reserve goal due to delayed formulation of strategy

TOKYO SHIMBUN (Page 2) (Abridged slightly)  
January 6, 2010

Rare metals are essential for manufacturing high-technology products, such as automobiles and IT equipment - Japan's strong assets. The Democratic Party of Japan (DPJ) in its policy manifesto for the Lower House election stated that it will establish a system to secure a stable supply of rare metals and promote the establishment of a system for reuse and diplomacy toward resource-rich nations. However, there have been few media reports on its specific actions. What policy course does the government envision for securing rare metals?

The Ministry of Economy, Trade and Industry (METI) last July compiled a strategy for securing rare metals, which includes four policies: (1) securing overseas resources; (2) recycling; (3) development of alternative materials; and (4) stockpiling. Only the stockpiling policy has been put into force. In fiscal 1983, the government launched a national rare metal stockpiling system.

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U.S., China, and South Korea ahead of Japan

Japan's stockpiling system targets nine rare metals, including nickel and tungsten. The goal is to stockpile a 60-days' worth of the metals in terms of domestic consumption. Of that amount, the state stockpiling goal is to cover a 42-days' worth. However, the stockpiles as of the end of March 2009 stood at a 22.2-days' worth on average. Japan Oil, Gas and Metals National Corporation (JOGMEC), an independent administrative agency, is storing the state stockpiles at a warehouse in Takahagi City, Ibaraki Prefecture.

The U.S. started adopting a stockpiling system for minerals containing rare metals in 1939. China also started a similar system in 1953. South Korea started one in 1967 with the aim of stabilizing the domestic market.

Japan has at long last stepped up its efforts to tackle the issue, following an increase in the importance of stockpiling rare metals as a result of a sharp rise in their prices in recent years. The government added indium and gallium to the above-mentioned strategy to secure rare metal resources.

#### Recycling

The recycling project introduced in the article on page 1 was launched as the Kodon (disused small consumer-electronic appliances) Project in fiscal 2006. At first, it was started as an independent project by Akita Prefecture. The area for collecting such products was at first limited to Odate City. However, the project was later expanded to cover the entire prefecture. The state at last became serious about the project with the Ministry of Trade, Economy and Industry (METI) and the Environment Ministry adopting it as a model project to collect disused electronic products. The number of regions adopting this system grew to seven throughout the nation.

Under the project, disused small consumer-electronic appliances, such as digital cameras and cell phones, are collected at supermarkets, electronics retail stores and community centers. The types and amounts of products collected are surveyed, and the contents of the rare metals in each product item are also investigated to gather useful data for designing a recycling system.

Rare metal worth 100 yen contained in one cell phone

Last November, METI launched a disused cell phone collection project (Tansu-Keitai Atsumetai project). The campaign will continue until the end of February this year. The purpose of the campaign is to encourage consumers to bring in disused cell phones by giving away gift certificates worth up to 50,000 yen to contributors by lottery,



so as to survey the amounts and types of cell phones collected.

According to METI, one cell phone contains rare metal worth 100 yen. Approximately 88,000 disused handsets were brought in in the first 10 days of the campaign. Some electronics retailers collected about 40 times the amount of cell phones collected in the previous year.

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